

SUBJECT: Making supplemental appropriations; restoring legislative funding

COMMITTEE: Appropriations — committee substitute recommended

VOTE: 22 ayes — Bonnen, M. González, Ashby, C. Bell, Capriglione, Dean, Dominguez, Gates, Holland, Howard, A. Johnson, Julie Johnson, Morrison, Raney, Rose, Schaefer, Stucky, E. Thompson, VanDeaver, Walle, Wilson, Zwiener

0 nays

5 absent — Jarvis Johnson, Minjarez, Sherman, Toth, Wu

WITNESSES: For — Jamie McCormick, Texas Alliance of Child and Family Services; *(Registered, but did not testify: Andrew Homer, Texas CASA; Lauren Rose, Texas Network of Youth Services; Timothy Lee, Texas Retired Teachers Association; Ash Hall; Thomas Parkinson)*

Against — None

On — David Kinsey, Jaime Masters, and Trevor Woodruff, Department of Family and Protective Services; Leonardo Lopez, Texas Education Agency; Wayne Pulver, Texas Legislative Budget Board; Monty Exter, The Association of Texas Professional Educators; *(Registered, but did not testify: Nancy Rainosek and Nick Villalpando, Texas Department of Information Resources; Keith Ingram, Texas Secretary of State)*

DIGEST: CSHB 5 would appropriate \$1.2 billion in general revenue related funds and \$2 million from general revenue-dedicated accounts. The appropriation would fund the Legislature and legislative agencies for fiscal 2022-23 and provide funding to other agencies, contingent on certain legislation related to property tax relief, civics education, foster care capacity, cybersecurity, retired educator pay, bail bonds, and auditable voting machines.

Legislative funds. CSHB 5 would appropriate a total of \$315.9 million in

general revenue to the Legislature and legislative agencies for fiscal 2022-23, including the following:

- the Senate;
- the House of Representatives;
- the Legislative Budget Board;
- the Legislative Council;
- the Commission on Uniform State Laws;
- the Sunset Advisory Commission;
- the State Auditor's Office; and
- the Legislative Reference Library.

The bill would appropriate each agency's unexpended balances from fiscal 2021 to fiscal 2022 for the same purposes. Unexpended balances from fiscal 2022 would be transferred to fiscal 2023.

School district property taxes. CSHB 5 would appropriate \$50 million in general revenue to the Texas Education Agency (TEA) for the Foundation School Program for each fiscal year in the 2022-23 biennium. The funding would be contingent on the enactment of SB 8 or similar legislation to provide a residence homestead property tax exemption for the homestead in the year in which the property was acquired.

Civics education. CSHB 5 would appropriate about \$14.6 million in general revenue to TEA for fiscal 2022-23 to implement certain instructional requirements and prohibitions contingent on enactment of SB 3 or similar legislation related to civics and social studies curriculum in public schools.

Foster care capacity. CSHB 5 would appropriate \$35 million from the general revenue fund to the Department of Family and Protective Services (DFPS) for each fiscal year in the 2022-23 biennium. The funds would be used to provide supplemental payments to retain providers and increase provider capacity. The appropriated \$35 million would have to be spent in coordination with appropriations provided in Rider 51, Community-based Care Capacity, starting in fiscal 2023. These funds also would have to be

spent in compliance with rate methodology requirements outlined in Section 26 of Article 2 of the fiscal 2022-23 general appropriations act.

The bill also would appropriate \$20 million in general revenue to DFPS for fiscal 2022 to provide targeted foster care capacity grants to address the existing foster care capacity shortage. The grants would have to focus on:

- serving children with the highest level of need;
- expanding certain types of placements and bringing new providers and capacity online; and
- promoting long-term viability of child placements.

All unexpended balances of the \$20 million would be appropriated for the same purposes for fiscal 2023.

By September 1, 2022, DFPS would have to submit a report on the effect of the department's efforts on improving foster care capacity across the state. The report would be submitted to the Legislative Budget Board, Senate Finance Committee, House Appropriations Committee, and each standing committee of the Legislature with primary jurisdiction over health and human services.

Cybersecurity. CSHB 5 would appropriate \$17.4 million in general revenue to the Department of Information Resources (DIR) to provide cybersecurity enhancements for the state during fiscal 2022-23. Of that amount, about \$6.5 million would be appropriated for endpoint detection and response, about \$6.9 million for the security operations center, and \$4.0 million for multifactor authentication expansion.

Out of those funds, DIR could employ in fiscal 2022-23 one full-time equivalent (FTE) for endpoint detection and response, seven FTEs for the security operations center, and one FTE for multifactor authentication expansion.

Retired educator pay. CSHB 5 would appropriate about \$701 million in

general revenue to the Teacher Retirement System of Texas, contingent on enactment of SB 7 or similar legislation providing a one-time supplemental payment of benefits to retired teachers and school employees.

Bail legislation. CSHB 5 would make the following appropriations to the Office of Court Administration (OCA), contingent on SB 6 or similar legislation relating to bail bonds:

- \$1.4 million in general revenue for fiscal 2022 and \$885,798 for fiscal 2023; and
- \$1.5 million for fiscal 2022 and \$462,500 for fiscal 2023 from the general revenue-dedicated electronic filing system account.

OCA would be authorized to employ six full-time FTEs to implement the legislation.

The capital budget authority for OCA would be increased by \$1.5 million from the General Revenue-Dedicated Statewide Electronic Filing System Account No. 5157 for fiscal year 2022, for capital budget items related to the implementation of the legislation.

Reimbursement for auditable voting machines. The bill would appropriate \$4.3 million in general revenue to the secretary of state for fiscal 2022 for reimbursements for the retrofitting of certain auditable voting systems, the replacement of systems that could not be upgraded, and the development of secure tracking systems for mail ballots in accordance with HB 3 or similar legislation. Unexpended balances remaining for these purposes for fiscal 2022 would be appropriated for the same purposes for fiscal 2023.

Budget execution order superseded, effective date. CSHB 5 would supersede any budget execution order issued under Government Code ch. 317 during August 2021. Authorizations for transfers of appropriations or of money under an order would be void on the effective date of CSHB 5.

The bill would take immediate effect.

**SUPPORTERS
SAY:**

CSHB 5 would restore funding to the Legislature and legislative agencies and direct additional appropriations to important state needs such as property tax relief, civics education, foster care capacity improvement, cybersecurity measures, retired educator pay, bail reform, and the retrofitting of auditable voting systems. As Texas recovers from the effects of the COVID-19 pandemic and regains revenue, the state has and should use extra funds for these state needs.

Legislative funds. CSHB 5 would restore funding to the Legislature and legislative agencies after a line-item veto of Article 10 in SB 1 by Nelson, the general appropriations act. The appropriations in the bill would be identical to those in the final version of the budget passed in the regular legislative session and would fully fund the Texas House, Senate, and legislative support agencies. The scope of this bill is only to restore funds agreed to during the regular budgeting process. Any increases to legislative staff pay would be more appropriate to consider in separate legislation.

School district property taxes. CSHB 5 would fund property tax relief for certain homeowners by appropriating state revenue to replace reductions in local school tax revenue under legislation being proposed during the special session. The bill would provide \$100 million for fiscal 2022-23 to adjust the residence homestead exemption so that home buyers received this tax relief in the initial year the homestead was acquired, rather than January 1 of the next tax year.

Civics education. CSHB 5 would provide \$14.6 million to the Texas Education Agency to develop and implement a civics training program to implement the provisions of SB 3 or similar legislation. The money would ensure that school districts and charter schools have appropriately trained teachers and administrators to implement new social studies curriculum requirements.

Foster care capacity. CSHB 5 would allow the Department of Family

and Protective Services to improve retention and increase the availability of foster care providers in the state. Many stakeholders have reported an ongoing shortage of foster care providers, particularly among those caring for children with complex behavioral health needs, who often require trauma-informed care provided by qualified professionals. At times, the provider shortage has become so severe that some children sleep in offices of Child Protective Services as they wait for placement in a safe home.

The shortage of foster care providers can be attributed to several factors. The COVID-19 pandemic slowed recruitment of foster families and delayed court hearings, leaving children without placement for longer periods of time. Also, the ongoing federal lawsuit has increased regulations for providers, causing them to divert time and resources away from providing direct care for children and toward compliance instead. Additional funds are necessary to help recruit and retain qualified providers and ensure children can be placed quickly and effectively in a stable home and receive applicable services.

Cybersecurity. CSHB 5 would allow the Department of Information Resources (DIR) to continue enhancing cybersecurity measures for state systems by providing DIR the remainder of its appropriations and FTE requests from the 87th regular session for endpoint detection and response and the security operations center. It also would expand DIR's implementation of multifactor authentication on state systems, thereby protecting these systems from intrusion by bad actors.

Retired educator pay. The bill would fund a "13th check" for retired teachers and school employees. In light of better-than-expected state revenue projections, it is appropriate to boost the retirement pay of teachers who dedicated their careers to helping Texas students achieve academically. This one-time payment would provide up to \$2,400 for retired educators and school employees out of state general revenue funds, while not draining investment dollars from the Teacher Retirement System of Texas (TRS) pension trust fund. While some have called for a permanent cost-of-living increase for retired educators, a 13th check is a fiscally sound decision at this time that would help TRS retirees with

rising living expenses.

Bail legislation. CSHB 5 would allow the Office of Court Administration to implement legislation revising the bail system in Texas. The funding would allow OCA to develop and maintain a public safety report system so that magistrates had full information, including the criminal histories of defendants, when making decisions about bail. CSHB 5 also would contribute to transparency and accountability in the bail system by funding agency efforts to collect and report data on bail and would help ensure those making bail decisions were qualified by providing funds to develop and approve training courses for those making bail decisions.

Reimbursement for auditable voting machines. CSHB 5 would provide the funding needed to reimburse election authorities for the retrofitting of auditable voting systems, in accordance with the provisions of SB 598 as enacted after the 87th regular session. The bill also would provide the necessary funding to reimburse authorities for the cost of replacing voting systems that could not be upgraded and to develop secure tracking systems for ballots voted by mail.

CRITICS
SAY:

While providing a "13th check" for retired teachers and restoring legislative funding are welcome provisions, CSHB 5 also provides an opportunity to consider a cost-of-living increase for retired teachers and school employees and an increase in legislative staff salaries to match the cost of living in Austin. Most retired educators do not receive Social Security, and at a time of rising inflation, about half of current TRS retirees may never have seen a cost-of-living adjustment. Legislative staff salary increases would amount to a small fraction of overall spending and help attract and retain high-quality employees.

NOTES:

According to the Legislative Budget Board, the bill would have a negative impact of \$1.2 billion to general revenue funds and \$2 million to general revenue dedicated funds through fiscal 2023.